



RECEIVED
SEP 08 2014
PUBLIC SERVICE
COMMISSION

September 5, 2014

Jeff DeRouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RE: Case No. 2014-00274; Pipe Replacement Program (PRP) Filing

Dear Mr. DeRouen,

Atmos Energy Corporation (Company) herewith submits an original and ten copies of the Company's responses to the Commission Staff's first set of informational requests per the above referenced case. The Company's responses are in compliance with the Commission's Order dated August 28, 2014.

Please feel free to contact me at 270.685.8024 if you have any questions and/or need any additional information.

Sincerely,

A handwritten signature in blue ink that reads "Mark A. Martin".

Mark A. Martin
Vice President – Rates & Regulatory Affairs

Enclosures

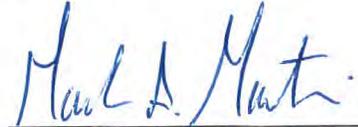
cc: Randy Hutchinson

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY)
CORPORATION TO ESTABLISH PRP) Case No. 2014-00274
RIDER RATES FOR THE TWELVE MONTH)
PERIOD BEGINNING OCTOBER 1, 2014)

AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.



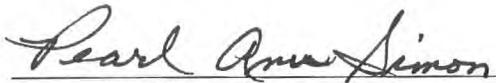
Mark A. Martin

STATE OF Kentucky

COUNTY OF Daviess

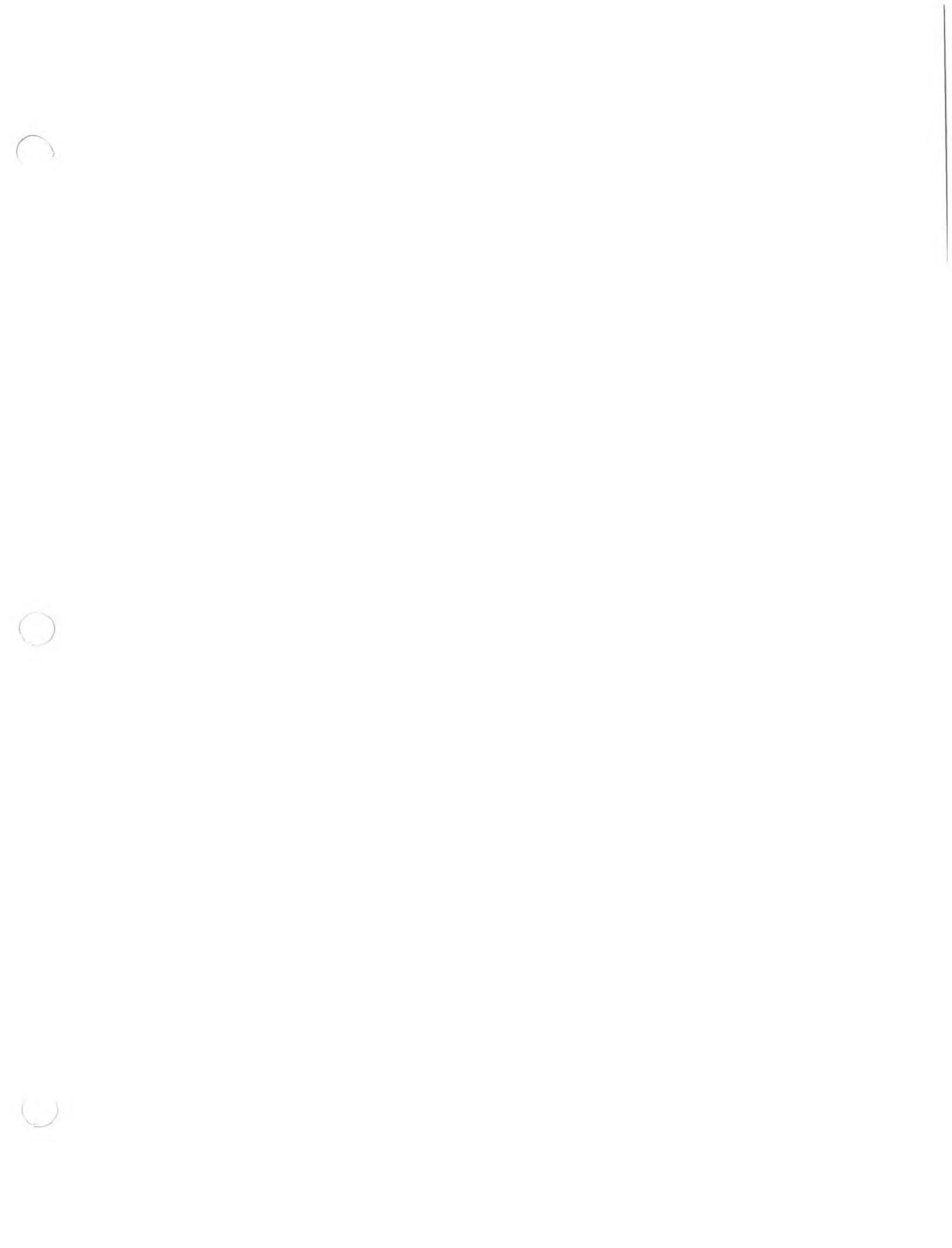
SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 3rd day of September, 2014.

PEARL ANN SIMON
NOTARY PUBLIC
KENTUCKY, STATE AT LARGE
MY COMMISSION EXPIRES 09-26-17
NOTARY ID 496385



Notary Public

My Commission Expires: Sept. 26, 2017



Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-01
Page 1 of 1

REQUEST:

Refer to Exhibit B, line 33, Increase in deficiency of \$4,316,793. Multiplying the proposed rates by the billing determinants from Exhibit I produces revenues of \$4,307,883, or a shortfall of \$8,910. Explain whether Atmos is aware that the rates as designed will not generate the revenue requirement.

RESPONSE:

Yes, Atmos Energy is aware that the rates as designed will not generate the revenue requirement as the deficiency of \$8,910 is due to rounding the customer charge rates to two decimal points, which is the rate that shows up on the customer's bill.

Respondent: Mark Martin

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-02
Page 1 of 1

REQUEST:

Refer to Exhibit F, Deferred Income Taxes.

- a. Confirm that Atmos used half-year convention Modified Accelerated Cost Recovery System ("MACRS") depreciation for its Tax Depreciation Rates consistent with its statement in Case No. 2013-00304.1
- b. Confirm that for tax depreciation purposes, the depreciation rates are the same for Mains, Services, and Meters.
- c. State whether Atmos uses bonus depreciation for income tax purposes in conjunction with the MACRS 15-year depreciation rates.
- d. Explain why there is no provision for the Public Service Commission Assessment in the tax rates.

RESPONSE:

- a) Atmos Energy confirms the use of the half-year convention MACRS depreciation for its Tax Depreciation Rates which is consistent with Case No. 2013-00304.
- b) Atmos Energy confirms that for tax depreciation purposes, the depreciation rates are the same for Mains, Services and Meters.
- c) For forward-looking test periods, Atmos Energy does not use bonus depreciation for income tax purposes unless the bonus depreciation has been approved by regulations for the forward looking period. For the current forward looking period, Atmos Energy has not applied bonus depreciation as there is not currently approved regulations allowing for bonus depreciation during this test period.
- d) Atmos Energy agrees that the Public Service Commission Assessment should have been included as well as the uncollectable accounts expense in the calculation of the Gross Revenue Conversion Factor. Please see the attached correction in the Company's response to Staff DR No. 1-03, which includes both the as-filed and the revised revenue requirement.

Respondent: Mark Martin

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-03
Page 1 of 1

REQUEST:

Provide Exhibit I of the application in electronic format, with formulas intact and unprotected.

RESPONSE:

Please see Attachment 1 and Attachment 2. Attachment 1 is the revenue requirement as it was originally filed. Attachment 2 represents an updated version to correctly account for the Public Service Commission Assessment and Uncollectable Accounts Expense in the Gross Revenue Conversion Factor.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-03_Att1 - 2015 KY PRP FILING COPY.xlsx, 18 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, aff_1-03_Att2 - 2015 KY PRP FILING COPY_updated.xlsx, 18 Pages.

Respondent: Mark Martin

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
SURCHARGE SUMMARY

Line Number	Tariff Schedule	Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)	\$ 1.40	0.0000
2	NON-RESIDENTIAL (Rate G-1)	\$ 4.40	0.0000
3	INTERRUPTIBLE (Rate G-2)	\$ 27.34	
4			0.0441
5			0.0296
6	TRANSPORTATION (T-3)	\$ 22.58	
7			0.0458
8			0.0307
9	TRANSPORTATION (T-4)	\$ 21.51	
10			0.0728
11			0.0486
12			0.0342

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORCASTED ACTIVITY
 AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
 DEFICIENCY

Line Number	Description	Total
1	Project Additions	\$ 36,024,876
2	Project Retirements	(3,770,848)
3	Net Change to Gross Plant	\$ 32,254,027
4		
5	Cost of Removal to Accumulated Depr.	234,920
6	Retirements from Accumulated Depr.	3,770,848
7	Depreciation Accrual to Accumulated Depr.	(445,499)
8	Net Change to Accumulated Depreciation	3,560,269
9		
10	Net Change to Net Plant	\$ 35,814,297
11		
12	Accumulated Deferred Income Taxes	(431,865)
13	Net Change to Rate Base	\$ 35,382,432
14		
15	Rate of Return	7.71%
16	Required Operating Income	\$ 2,727,905
17		
18	Depreciation & Amortization Expense	445,499
19	O&M Savings	(18,145)
20	Ad Valorem Tax Increase	246,840
21	Income Taxes on Cost of Service Items	(262,261)
22	Income Taxes on Adjusted Interest Expense	(398,061)
23	Operating Income at Present Rates	\$ 13,871
24		
25	Deficiency	\$ 2,741,776
26	Tax Factor	61.100%
27	Total Proposed Rate Adjustment	\$ 4,487,359
28		
29	Project Cost True-up	\$ (152,221)
30	Revenue Recovery True-up	\$ (18,344)
31	Total True-up	\$ (170,565)
32		
33	Increase in deficiency	\$ 4,316,793

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORCASTED ACTIVITY - TRUE-UP
 AS OF OCTOBER 2012 THROUGH SEPTEMBER 2013
 DEFICIENCY

Line Number	Description	Actuals	As Filed and Approved
1	Project Additions	\$ 36,637,278	\$ 37,564,598
2	Project Retirements	(4,378,228)	(3,825,770)
3	Net Change to Gross Plant	<u>\$ 32,259,051</u>	<u>\$ 33,738,828</u>
4			
5	Cost of Removal to Accumulated Depr.	1,025,071	1,090,965
6	Retirements from Accumulated Depr.	4,378,228	3,825,770
7	Depreciation Accrual to Accumulated Depr.	(928,309)	(985,501)
8	Net Change to Accumulated Depreciation	<u>4,474,990</u>	<u>3,931,234</u>
9			
10	Net Change to Net Plant	<u>\$ 36,734,040</u>	<u>\$ 37,670,063</u>
11			
12	Accumulated Deferred Income Taxes	(959,206)	(1,026,664)
13	Net Change to Rate Base	<u>\$ 35,774,834</u>	<u>\$ 36,643,399</u>
14			
15	Rate of Return	8.74%	8.74%
16	Required Operating Income	<u>\$ 3,125,225</u>	<u>\$ 3,201,101</u>
17			
18	Depreciation & Amortization Expense	635,762	669,315
19	O&M Savings	(9,436)	(9,436)
20	Ad Valorem Tax Increase	282,267	295,215
21	Income Taxes on Cost of Service Items	(353,443)	(371,531)
22	Income Taxes on Adjusted Interest Expense	(464,644)	(475,925)
23	Operating Income at Present Rates	<u>\$ 90,507</u>	<u>\$ 107,637</u>
24			
25	Deficiency	\$ 3,215,732	\$ 3,308,739
26	Tax Factor	61.100%	61.100%
27	Total Proposed Rate Adjustment	<u>\$ 5,263,063</u>	<u>\$ 5,415,284</u>
28			
29	2012 approved deficiency	\$ 2,997,186	\$ 2,997,186
30			
31	Increase in deficiency	\$ 2,265,878	\$ 2,418,099 \$ (152,221)

ATMOS ENERGY CORPORATION - KENTUCKY
 Pipe Replacement Program
 Recovery Schedule

Line No.	Surcharge Report	Actual Recovery Year		Approved Recovery Amt	Actual Recovery Amt	Over / (Under) Recovered	Carrying Charges	Total Over / (Under)	Weighted Average Cost of Capital
1	2012	Oct-11	Sep-12	2,997,186	2,998,293	1,107	97	1,204	8.74%
2	2013	Oct-12	Sep-13	5,415,284	5,431,048	15,763	1,377	17,140	8.74%
3				\$ 8,412,470	\$ 8,429,341	\$ 16,871	\$ 1,474	\$ 18,344	

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
ADDITIONS

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2015	29,870,768	5,893,024	261,083	36,024,876
2					
3	Total Additions	<u>\$ 29,870,768</u>	<u>\$ 5,893,024</u>	<u>\$ 261,083</u>	<u>\$ 36,024,876</u>

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
RETIREMENTS

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2015	\$2,049,296	1,607,552	114,000	3,770,848
2					
3	Total Retirements	\$ 2,049,296	\$ 1,607,552	\$ 114,000	\$ 3,770,848

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
DEPRECIATION EXPENSE

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant	\$ 27,821,472	\$ 4,285,472	\$ 147,083	
2	Depreciation Rates	2.45%	4.61%	8.03%	
3	Proforma Annual Depreciation Expense	<u>\$ 681,626</u>	<u>\$ 197,560</u>	<u>\$ 11,811</u>	<u>\$ 890,997</u>
4					
5	Current Year Change to Net Plant	\$ 27,821,472	\$ 4,285,472	\$ 147,083	
6	Depreciation Rates	2.45%	4.61%	8.03%	
7	Proforma Annual Depreciation Expense	<u>\$ 681,626</u>	<u>\$ 197,560</u>	<u>\$ 11,811</u>	<u>\$ 890,997</u>
8					
9	Depreciation Accrual to Accumulated Depreciation from Prior Approved Filing				\$ -
10	Accumulated Depreciation on Prior Additions (full years depreciation)				-
11	Accumulated Depreciation on Current Additions (half-year convention)				<u>445,499</u>
12					
13	Depreciation Accrual to Accumulated Depreciation				<u>\$ 445,499</u>

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
DEFERRED INCOME TAXES

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant				
2	2015	27,821,472	4,285,472	147,083	
3					
4	Total Change to Gross Plant	\$ 27,821,472	\$ 4,285,472	\$ 147,083	
5	Tax Depreciation Rates - Year 1	5.00%	5.00%	5.00%	
6	Year 1 Tax Depreciation Expense	1,391,074	214,274	7,354	1,612,701
7					
8					
9	Accumulated Tax Depreciation Expense				\$ 1,612,701
10	Accumulated Book Depreciation Expense				445,499
11	Accumulated Book - Tax Difference				<u>\$ (1,167,203)</u>
12					
13	Deferred Taxes at 37%				<u>\$ (431,865)</u>
14					
15	<u>Tax Rates</u>				
16	Ad Valorem Tax Rate	0.765%			
17	Income Tax Rate	38.90%			
18	State Tax Rate	6.00%			
19	Federal Tax Rate	35.00%			

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
RATE OF RETURN

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	5.16%	1.25%	0.06%
2	LT Debt	45.68%	6.19%	2.83%
3	Equity	<u>49.16%</u>	9.80%	<u>4.82%</u>
4		100.0%		7.71%

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
O&M SAVINGS

<u>Line Number</u>	<u>Description</u>		<u>Annual Savings</u>		<u>Accumulative Savings</u>
1	First year 2015 savings	\$	18,145	\$	18,145

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORCASTED ACTIVITY
 AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
 RATE DESIGN

Case 2013-00148					Customer /	Revenue increase	Budgeted	Budgeted	Customer	Volumetric	
Line Number	Class of Customers	Rate	Total	Total Dollars	Ratio	Volumetric Charge Ratio	by Class	Volumes	Customer Counts	Charge	Charge
1	RESIDENTIAL (Rate G-1)				60.33%		\$ 2,604,160		1,853,915		
2	FIRM BILLS	\$16.00	1,846,837	\$29,549,392		69.36%				\$ 1.40	
3	Sales: 1-300	1.3180	9,905,382	\$13,055,294		30.64%					
4	Sales: 301-15000	0.8800	0	\$0		0.00%					
5	Sales: Over 15000	0.6200	0	\$0		0.00%					
6	CLASS TOTAL (Mcf/month)		9,905,382	42,604,686							
7											
8	NON-RESIDENTIAL (Rate G-1)				23.60%		\$ 1,018,863		231,510		
9	FIRM BILLS	40.00	229,048	\$9,161,920		54.96%				\$ 4.40	
10	Sales: 1-300	1.3180	5,064,652	\$6,675,212		40.05%					
11	Sales: 301-15000	0.8800	942,780	\$829,646		4.98%					
12	Sales: Over 15000	0.6200	3,337	\$2,069		0.01%					
13	CLASS TOTAL (Mcf/month)		6,010,769	16,668,847							
14											
15	INTERRUPTIBLE (G-2)				0.30%		\$ 13,047		108		
16	INT BILLS	350.00	138	\$48,300		22.63%				\$ 27.34	
17	Sales: 1-15000	0.7900	203,768	\$160,977		75.42%		223,050			0.0441
18	Sales: Over 15000	0.5300	7,873	\$4,173		1.95%		8,618			0.0296
19	CLASS TOTAL (Mcf/month)		211,641	213,450				231,668			
20											
21	TRANSPORTATION (T-3)				7.49%		\$ 323,373		741		
22	TRANSPORTATION BILLS	350.00	782	\$273,700		5.17%				\$ 22.58	
23	Interrupt Transport: 1-15000	0.7900	4,849,484	\$3,831,092		72.42%		5,113,520			0.0458
24	Interrupt Transport: Over 15000	0.5300	2,237,100	\$1,185,663		22.41%		2,358,902			0.0307
25	CLASS TOTAL (Mcf/month)		7,086,584	5,290,455				7,472,422			
26											
27	TRANSPORTATION (T-4)				8.28%		\$ 357,350		1,453		
28	TRANSPORTATION BILLS	350.00	1,463	\$512,050		8.758%				\$ 21.51	
29	Firm Transport: 1-300	1.3180	419,681	\$553,140		9.461%		464,612			0.0728
30	Firm Transport: 301-1500	0.8800	4,937,961	\$4,345,406		74.327%		5,466,620			0.0486
31	Firm Transport: Over 1500	0.6200	702,806	\$435,740		7.453%		778,049			0.0342
32	CLASS TOTAL (Mcf/month)		6,060,448	5,846,335				6,709,280			
33											
34	Total Revenue			70,623,773	100.00%		\$ 4,316,793		2,087,727		
35											
36											
37											

KY Revenue Requirement \$ 4,316,793

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORCASTED ACTIVITY
 AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
 CUSTOMERS & VOLUMES

Line Number	Tariff	Description		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	
<u>Customers</u>																	
1	G-1	Residential	Fiscal 2015 Bud	152,312	153,392	155,263	156,787	156,963	156,979	156,916	155,489	154,208	152,340	152,134	151,134	1,853,915	
2	G-1	Commercial Firm	Fiscal 2015 Bud	17,136	17,431	17,670	17,846	17,833	17,901	17,875	17,674	17,519	17,162	17,087	16,976	210,110	
3	G-1	Public Authority	Fiscal 2015 Bud	1,565	1,576	1,583	1,584	1,585	1,582	1,577	1,578	1,580	1,558	1,582	1,568	18,916	
4	G-1	Industrial Firm	Fiscal 2015 Bud	207	207	207	207	207	207	207	207	207	207	207	207	2,484	
5																-	
6	G-2	Commercial Interruptible	Fiscal 2015 Bud	3	3	3	3	3	3	3	3	3	3	3	3	36	
7	G-2	Industrial Interruptible	Fiscal 2015 Bud	6	6	6	6	6	6	6	6	6	6	6	6	72	
8	G-2	Public Authority Interruptible	Fiscal 2015 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
9																-	
10	T-3	Transportation Interruptible	Fiscal 2015 Bud	64	64	60	58	59	61	64	62	62	62	62	63	741	
11	T-4	Transportation Firm	Fiscal 2015 Bud	122	122	122	121	121	122	122	121	121	121	118	120	1,453	
12				171,415	172,800	174,913	176,611	176,776	176,861	176,770	175,140	173,706	171,459	171,199	170,077	2,087,727	
13																	
14	<u>Volumes</u>																
15																	
16	G-2	Commercial Interruptible	Fiscal 2015 Bud	2,311	2,687	3,018	2,380	2,599	2,526	2,355	2,311	2,311	2,311	2,311	2,311	29,429	
17	G-2	Industrial Interruptible	Fiscal 2015 Bud	9,475	17,438	10,875	10,362	43,635	18,372	30,986	12,445	9,201	12,595	14,538	12,317	202,239	
18	G-2	Public Authority Interruptible	Fiscal 2015 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
19																-	
20	T-3	Transportation Interruptible	Fiscal 2015 Bud	577,342	637,289	642,846	635,749	713,744	641,979	677,900	626,497	578,229	578,524	580,179	582,145	7,472,422	
21	T-4	Transportation Firm	Fiscal 2015 Bud	459,420	526,336	621,704	673,566	819,974	700,008	691,951	517,760	404,486	404,486	427,983	461,607	6,709,280	
22				1,048,548	1,183,750	1,278,444	1,322,057	1,579,951	1,362,885	1,403,192	1,159,012	994,226	997,915	1,025,010	1,058,380	14,413,371	

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY**

2015 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2739.8" Transmission Line Replacement - Aiken Rd Purchase to Buck Creed Rd	Replace 8" pipe with 45,725' +/- (8.66 miles) of 12" steel distribution pipe.	-	14,072,489			4,020					
PRP.2609.Dawson Springs FY15	Replace 1 mile of 4" bare pipe feeding Dawson Springs	-	1,292,797			4,020					
PRP.2635.FY15 North Seminary CC	2015 PRP for Company Crew in Princeton, KY. 780' of 2" on North Seminary from Main Street to W. Shephardson. 16 services to replace at \$1,650 each for a total of \$26,400.	16	36,240			4,020					
	Contractor			22,400			180				
	Material			2,880	1,120						
	Overhead			8,165	362			58			
PRP.2635.FY15 Sturgis Road	2015 PRP to replace 6,782' of 4" pipe from Bellville St to Harmon Drive. Project will have 83 services at \$1,650 each for a total of \$136,950. Budget services for March	83	446,864			4,020					
	Contractor			116,200				934			
	Material			14,940	5,810						
	Overhead			42,358	1,877			302			
PRP.2635.Maple Street FY15	2015 PRP Marion, KY replacing 5418' of 2" Pipe on Maple St. 67 Services at \$1,650 ea for a total of \$110,550. Budget services for April	67	343,965			4,020					
	Contractor			93,800				754			
	Material			12,060	4,690						
	Overhead			34,193	1,515			243			
PRP.2636.Coast Guard Ln FY15 CC	Install 1500' of 2" PE. IP to IP. 23 Services for a total of \$37,950. Installation by Company PRP Crew.	23	31,207			4,020					
	Contractor			32,200				259			
	Material			4,140	1,610						
	Overhead			11,738	520			84			
PRP.2636.Colonial Court FY15	Install 2,000' of 2" PE. IP to IP. 43 services at \$1,650 each for a total of \$70,950	43	112,624			4,020					
	Contractor			60,200				484			
	Material			7,740	3,010						
	Overhead			21,945	972			156			

PRP.2636.Dublin Lane FY15	Dublin Lane, Lee Court, Burdette Court, Ohio Street Hanning Lane, Herr Ave, Woodford Ave. Install 1220' of 6" PE. LP to IP. Replace 106 services at \$1,650 each for a total of \$1,759,000	106	387,305			4,020	
	Contractor			148,400			1,193
	Material			19,080	7,420		
	Overhead			54,096	2,397		385
PRP.2636.East 11th FY15	East 11th, Glendale Ave, Parkdale Dr. Install 900' of 4" PE and 910' of 2" PE. IP to IP. 61 services at \$1,650 each for a total of \$100,650	61	106,786			4,020	
	Contractor			85,400			686
	Material			10,980	4,270		
	Overhead			31,131	1,379		222
PRP.2636.Ewing Rd/West 2nd FY15	Install 5565' of 2" PE and 432' of 4" PE. LP to IP. 67 services at \$1,650 each for a total of \$110,550.	67	365,541			4,020	
	Contractor			93,800			754
	Material			12,060	4,690		
	Overhead			34,193	1,515		243
PRP.2636.Greenville 4" FY15	Greenville 4" HDPE. R/W Clearing. Replace fence at TB Station. Replace Regulator Station. Install 10,117' of 4" HD PE. 9 Services stub ups for a total of \$14,850	9	1,190,198			4,020	
	Contractor			12,600			101
	Material			1,620	630		
	Overhead			4,593	203		33
PRP.2636.Old Greenville Feed FY15 CC	Old Greenville feed line. Replace 2,100' with 2" PE. 7 Services for a total of \$11,550. Installation by Company PRP.orgw	7	6,760			4,020	
	Contractor			9,800			79
	Material			1,260	490		
	Overhead			3,572	158		25
PRP.2636.River Road FY15	River Road, 1st, Fielden Ave, Gilmour Court, Cullen Ave. Install 5922' of 2" PE. Low pressure to IP. Replace 66 services at \$1,650 each for a total of \$108,900.	66	370,460			4,020	
	Contractor			92,400			743
	Material			11,880	4,620		
	Overhead			33,682	1,492		240
PRP.2636.Sunset Dr FY15	Sunset Drive, Westview Drive, Wink Court. Install 1,756' of 4" PE and 3809' of 2" PE. IP to IP. 119 Services at \$1,650 each for a total of \$196,350	119	336,417			4,020	
	Contractor			166,600			1,339
	Material			21,420	8,330		
	Overhead			60,730	2,691		432
PRP.2637.FY15.Harrison	4,725 ft of 4 inch steel and 885 ft of 2 inch steel at Harrison from 25th to 28th.	115	401,347			4,020	
	Contractor			161,000			1,294
	Material			20,700	8,050		
	Overhead			58,689	2,600		418

PRP.2637.FY15.Madison	1,500 ft of 6 inch steel and 3,785 ft of 4 inch steel going from 3rd and Madison to 19th and Monroe in Paducah.	114	397,076			4,020	
	Contractor			159,600			1,283
	Material			20,520	7,980		
	Overhead			58,179	2,578		414
PRP.2734.2nd b/w Bowder & Caldwell	Install 700' of 2" PE on East 2nd between Bowder and Caldwell. Replace 16 services.	16	58,657			4,020	
	Contractor			22,400			180
	Material			2,880	1,120		
	Overhead			8,165	362		58
PRP.2734.Armstrong Russellville	Install 1,000' of 2" PE at Armstrong Street in Russellville. Replace 8 services.	8	58,137			4,020	
	Contractor			11,200			90
	Material			1,440	560		
	Overhead			4,083	181		29
PRP.2734.Bristow Rd @ Louisville Rd.	Replace 1,700 ft. of 1 1/4" bare steel on Bristow Rd and Louisville with 2" PE. Total services replaced (8).	8	121,842			4,020	
	Contractor			11,200			90
	Material			1,440	560		
	Overhead			4,083	181		29
PRP.2734.Bypass & College State St.	Replace 9500' of 4" LP and 2"LP bare steel with 4" IP and 2" IP PE at . Replace 50 services.	50	447,836			4,020	
	Contractor			70,000			563
	Material			9,000	3,500		
	Overhead			25,517	1,131		182
PRP.2734.Center Line Phase II	Install 6,200' of 8" steel at outlet of Purchase #1 across from Jennings Creek. Replace 3 services.	3	1,905,727			4,020	
	Contractor			4,200			34
	Material			540	210		
	Overhead			1,531	68		11
PRP.2734.Church & Nugent	Install 2,350' of 2" PE on Church and Nugent. Replace 28 services.	28	164,942			4,020	
	Contractor			39,200			315
	Material			5,040	1,960		
	Overhead			14,290	633		102
PRP.2734.Clay St. @ 14th.	Install 3,038' of 2" PE from Clay St. to 12th. Replace 42 services.	42	519,449			4,020	
	Contractor			58,800			473
	Material			7,560	2,940		
	Overhead			21,434	950		153
PRP.2734.Crewdson - Old barren River	Install 6,200' of 6" PE. at outlet of TB #1 to Woodford Ave. Replace 100 services.	100	572,491			4,020	
	Contractor			140,000			1,125
	Material			18,000	7,000		
	Overhead			51,034	2,261		363
PRP.2734.East 11th St Park to Kenton	Install 1,774' of 2" and 4" PE East 11th from Park to Kenton. Replace 40 services.	40	133,982			4,020	
	Contractor			56,000			450
	Material			7,200	2,800		
	Overhead			20,414	904		145
PRP.2734.Glendale & Kirby	Install 2,200' of 2" PE from Glendale & Kirby to McElroy & Neal. Replace 44 services.	44	157,640			4,020	
	Contractor			61,600			495
	Material			7,920	3,080		
	Overhead			22,455	995		160

PRP.2734.Henry @ McElroy	Install 700 ft. of 2" PE on Henry @ McElroy in Bowling Green. Replace 14 services	14	57,085			4,020	
	Contractor			19,600			158
	Material			2,520	980		
	Overhead			7,145	317		51
PRP.2734.High St. from Cabell to 14th St. Alley	Install 1,400' of 6" PE on High Street from Cabell to 14th Street alley and convert to IP. Replace 34 services. Also install 1,200' of 2" PE on 1400 block of Indianolia. Replaces 18 services	18	193,955			4,020	
	Contractor			25,200			203
	Material			3,240	1,260		
	Overhead			9,186	407		65
PRP.2734.Madison Ave.	Install 1,800' of 2" and 200' of 6" PE. Replace 20 services.	20	158,568			4,020	
	Contractor			28,000			225
	Material			3,600	1,400		
	Overhead			10,207	452		73
PRP.2734.Russ 9th St.	Install 3,405' of 4" and 2" PE from W 9th to Nashville Rd and tie in to Russell St. Replace 42 services.	42	334,075			4,020	
	Contractor			58,800			473
	Material			7,560	2,940		
	Overhead			21,434	950		153
PRP.2734.Vine St. from Wade to Glen Lily Rd.	Install 1,100' of 2" IP on Vine Street from Wade to Glen Lily Rd. Replace 23 services.	23	78,712			4,020	
	Contractor			32,200			259
	Material			4,140	1,610		
	Overhead			11,738	520		84
PRP.2734.West 10th,Payne, & Stubbins	Install 6,500' of 2" PE on existing LP west of Main, 10th, 11th, Payne and Stubbins. Will convert to IP. Replace 75 services.	75	481,342			4,020	
	Contractor			105,000			844
	Material			13,500	5,250		
	Overhead			38,276	1,696		273
PRP.2735.FY15 Woodlawn	Replace 5557' of LP 4" & 6" bare steel with IP 2" PE (86 services - \$141,900)	86	412,922			4,020	
	Contractor			120,400			968
	Material			15,480	6,020		
	Overhead			43,889	1,944		313
PRP.2735.FY15.HC Dale Heights	Replace 2587' of 4" bare steel with 4" PE (48 services - \$79,200)	48	198,490			4,020	
	Contractor			67,200			540
	Material			8,640	3,360		
	Overhead			24,496	1,085		174
PRP.2735.FY15.Mun.Buckner	Replace 2518' of 2" bare steel with 2" PE (33 services - \$54,450)	33	175,416			4,020	
	Contractor			46,200			371
	Material			5,940	2,310		
	Overhead			16,841	746		120
PRP.2735.FY15.Mun.East Back	Replace 2142' of 2" bare steel with 2" PE (30 services - \$49,500)	30	152,155			4,020	
	Contractor			42,000			338
	Material			5,400	2,100		
	Overhead			15,310	678		109
PRP.2735.FY15.Mun.Old Main	Replace 814' of 2" bare steel with 2" PE (17 services - \$28,050)	17	54,710			4,020	
	Contractor			23,800			191
	Material			3,060	1,190		
	Overhead			8,676	384		62

PRP.2735.FY15.Mun.Washington	Replace 3217' of 2" bare steel with 2" PE (26 services - \$42,900)	26	215,605			4,020	
	Contractor			36,400			293
	Material			4,680	1,820		
	Overhead			13,269	588		94
PRP.2735.Glas.E Main	Replace 1885' of 4" bare steel with 4" PE (29 services - \$47,850)	29	142,103			4,020	
	Contractor			40,600			326
	Material			5,220	2,030		
	Overhead			14,800	656		105
PRP.2736.Clay St FY15	PRP Clay Street. Replacing 7,750' of 4" and 8,355' of 2". Total number of Services at 263 at \$1,650 each for a total of \$433,950 (June and July)	263	976,751			4,020	
	Contractor			368,200			2,959
	Material			47,340	18,410		
	Overhead			134,219	5,946		956
PRP.2736.Metcalf FY15 CC	PRP Company Crew to replace 240' section of 4" bare steel pipe. 4 Services at \$1,650 each for a total of \$6,600.	4	4,518			4,020	
	Contractor			5,600			45
	Material			720	280		
	Overhead			2,041	90		15
PRP.2736.Robin Rd FY15 CC	PRP Company crew to replace 825' of 2" bare pipe. Pre and post camera. We will be removing Robin Road LP Station. 16 services at \$1,650 each for a total of \$26,400	16	10,267			4,020	
	Contractor			22,400			180
	Material			2,880	1,120		
	Overhead			8,165	362		58
PRP.2736.Walnut St FY15	PRP Walnut Street. Replacing 4,235' of 4" and 3,305' of 2". Total Services 87 at \$1,650 each for a total of \$143,550 (Aug and Sept).	87	468,195			4,020	
	Contractor			121,800			979
	Material			15,660	6,090		
	Overhead			44,400	1,967		316
PRP.2737.Lexington/Greenville	Replace 5300' of bare steel with 3850 2" & 1450 of 6" - (87 services - \$143,550)	87	410,001			4,020	
	Contractor			121,800			979
	Material			15,660	6,090		
	Overhead			44,400	1,967		316
PRP.2737.MARDMON-OFFICE-HIGH	REPLACE 6700' OF BARE PIPE REPLACEMENT-MARIMON FROM CANE RUN TO OFFICE, EAST OFFICE FROM MARIMON TO ROBARDS, MAPLE, HIGH, MONTROSE AND BALLARD STREETS. * (REPLACING 96 SERVICES - \$158,400)	96	554,046			4,020	
	Contractor			134,400			1,080
	Material			17,280	6,720		
	Overhead			48,993	2,171		349
PRP.2738.Legion Park to Barbara St	Replace 2673' of 2" bare steel with 4" PE (28 service at \$46,200)	28	309,405			4,020	
	Contractor			39,200			315
	Material			5,040	1,960		
	Overhead			14,290	633		102
PRP.2738.Legion Park to Penick	Replace 2404' of 4" & 825' of 2" bare steel, (33 services at \$54,450)	33	258,691			4,020	
	Contractor			46,200			371
	Material			5,940	2,310		
	Overhead			16,841	746		120

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
SURCHARGE SUMMARY

Line Number	Tariff Schedule	Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)	\$ 1.43	0.0000
2	NON-RESIDENTIAL (Rate G-1)	\$ 4.47	0.0000
3	INTERRUPTIBLE (Rate G-2)	\$ 27.75	
4			0.0448
5			0.0300
6	TRANSPORTATION (T-3)	\$ 22.92	
7			0.0465
8			0.0312
9	TRANSPORTATION (T-4)	\$ 21.83	
10			0.0739
11			0.0493
12			0.0347

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
DEFICIENCY

Line Number	Description	Total
1	Project Additions	\$ 36,024,876
2	Project Retirements	(3,770,848)
3	Net Change to Gross Plant	\$ 32,254,027
4		
5	Cost of Removal to Accumulated Depr.	234,920
6	Retirements from Accumulated Depr.	3,770,848
7	Depreciation Accrual to Accumulated Depr.	(445,499)
8	Net Change to Accumulated Depreciation	3,560,269
9		
10	Net Change to Net Plant	\$ 35,814,297
11		
12	Accumulated Deferred Income Taxes	(431,865)
13	Net Change to Rate Base	\$ 35,382,432
14		
15	Rate of Return	7.71%
16	Required Operating Income	\$ 2,727,905
17		
18	Depreciation & Amortization Expense	445,499
19	O&M Savings	(18,145)
20	Ad Valorem Tax Increase	246,840
21	Income Taxes on Cost of Service Items	(262,261)
22	Income Taxes on Adjusted Interest Expense	(398,061)
23	Operating Income at Present Rates	\$ 13,871
24		
25	Deficiency	\$ 2,741,776
26	Tax Factor	60.70%
27	Total Proposed Rate Adjustment	\$ 4,517,270
28		
29	Project Cost True-up	\$ (117,140)
30	Revenue Recovery True-up	\$ (18,344)
31	Total True-up	\$ (135,484)
32		
33	Increase in deficiency	\$ 4,381,785

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORCASTED ACTIVITY - TRUE-UP
 AS OF OCTOBER 2012 THROUGH SEPTEMBER 2013
 DEFICIENCY

Line Number	Description	Actuals	As Filed and Approved
1	Project Additions	\$ 36,637,278	\$ 37,564,598
2	Project Retirements	(4,378,228)	(3,825,770)
3	Net Change to Gross Plant	\$ 32,259,051	\$ 33,738,828
4			
5	Cost of Removal to Accumulated Depr.	1,025,071	1,090,965
6	Retirements from Accumulated Depr.	4,378,228	3,825,770
7	Depreciation Accrual to Accumulated Depr.	(928,309)	(985,501)
8	Net Change to Accumulated Depreciation	4,474,990	3,931,234
9			
10	Net Change to Net Plant	\$ 36,734,040	\$ 37,670,063
11			
12	Accumulated Deferred Income Taxes	(959,206)	(1,026,664)
13	Net Change to Rate Base	\$ 35,774,834	\$ 36,643,399
14			
15	Rate of Return	8.74%	8.74%
16	Required Operating Income	\$ 3,125,225	\$ 3,201,101
17			
18	Depreciation & Amortization Expense	635,762	669,315
19	O&M Savings	(9,436)	(9,436)
20	Ad Valorem Tax Increase	282,267	295,215
21	Income Taxes on Cost of Service Items	(353,443)	(371,531)
22	Income Taxes on Adjusted Interest Expense	(464,644)	(475,925)
23	Operating Income at Present Rates	\$ 90,507	\$ 107,637
24			
25	Deficiency	\$ 3,215,732	\$ 3,308,739
26	Tax Factor	60.695%	61.100%
27	Total Proposed Rate Adjustment	\$ 5,298,144	\$ 5,415,284
28			
29	2012 approved deficiency	\$ 2,997,186	\$ 2,997,186
30			
31	Increase in deficiency	\$ 2,300,959	\$ 2,418,099

\$ (117,140)

ATMOS ENERGY CORPORATION - KENTUCKY
 Pipe Replacement Program
 Recovery Schedule

Line No.	Surcharge Report	Actual Recovery Year		Approved Recovery Amt	Actual Recovery Amt	Over / (Under) Recovered	Carrying Charges	Total Over / (Under)	Weighted Average Cost of Capital
1	2012	Oct-11	Sep-12	2,997,186	2,998,293	1,107	97	1,204	8.74%
2	2013	Oct-12	Sep-13	5,415,284	5,431,048	15,763	1,377	17,140	8.74%
3				\$ 8,412,470	\$ 8,429,341	\$ 16,871	\$ 1,474	\$ 18,344	

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
ADDITIONS

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2015	29,870,768	5,893,024	261,083	36,024,876
2					
3	Total Additions	<u>\$ 29,870,768</u>	<u>\$ 5,893,024</u>	<u>\$ 261,083</u>	<u>\$ 36,024,876</u>

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
RETIREMENTS**

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2015	\$2,049,296	1,607,552	114,000	3,770,848
2					
3	Total Retirements	<u>\$ 2,049,296</u>	<u>\$ 1,607,552</u>	<u>\$ 114,000</u>	<u>\$ 3,770,848</u>

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
DEPRECIATION EXPENSE

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant	\$ 27,821,472	\$ 4,285,472	\$ 147,083	
2	Depreciation Rates	2.45%	4.61%	8.03%	
3	Proforma Annual Depreciation Expense	\$ 681,626	\$ 197,560	\$ 11,811	\$ 890,997
4					
5	Current Year Change to Net Plant	\$ 27,821,472	\$ 4,285,472	\$ 147,083	
6	Depreciation Rates	2.45%	4.61%	8.03%	
7	Proforma Annual Depreciation Expense	\$ 681,626	\$ 197,560	\$ 11,811	\$ 890,997
8					
9	Depreciation Accrual to Accumulated Depreciation from Prior Approved Filing				\$ -
10	Accumulated Depreciation on Prior Additions (full years depreciation)				-
11	Accumulated Depreciation on Current Additions (half-year convention)				445,499
12					
13	Depreciation Accrual to Accumulated Depreciation				\$ 445,499

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
DEFERRED INCOME TAXES

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant				
2	2015	27,821,472	4,285,472	147,083	
3					
4	Total Change to Gross Plant	\$ 27,821,472	\$ 4,285,472	\$ 147,083	
5	Tax Depreciation Rates - Year 1	5.00%	5.00%	5.00%	
6	Year 1 Tax Depreciation Expense	1,391,074	214,274	7,354	1,612,701
7					
8					
9	Accumulated Tax Depreciation Expense				\$ 1,612,701
10	Accumulated Book Depreciation Expense				445,499
11	Accumulated Book - Tax Difference				<u>\$ (1,167,203)</u>
12					
13	Deferred Taxes at 37%				<u>\$ (431,865)</u>
14					
15	<u>Tax Rates</u>				
16	Ad Valorem Tax Rate	0.765%			
17	Income Tax Rate	38.900%			
18		32.68%			
19	State Tax Rate	6.00%			
20	Federal Tax Rate	35.00%			

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
RATE OF RETURN

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	5.16%	1.25%	0.06%
2	LT Debt	45.68%	6.19%	2.83%
3	Equity	<u>49.16%</u>	9.80%	<u>4.82%</u>
4		100.0%		7.71%

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
O&M SAVINGS

<u>Line Number</u>	<u>Description</u>	<u>Annual Savings</u>	<u>Accumulative Savings</u>
1	First year 2015 savings	\$ 18,145	\$ 18,145

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
CUSTOMERS & VOLUMES

Line Number	Tariff	Description		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	
<u>Customers</u>																	
1	G-1	Residential	Fiscal 2015 Bud	152,312	153,392	155,263	156,787	156,963	156,979	156,916	155,489	154,208	152,340	152,134	151,134	1,853,915	
2	G-1	Commercial Firm	Fiscal 2015 Bud	17,136	17,431	17,670	17,846	17,833	17,901	17,875	17,674	17,519	17,162	17,087	16,976	210,110	
3	G-1	Public Authority	Fiscal 2015 Bud	1,565	1,576	1,583	1,584	1,585	1,582	1,577	1,578	1,580	1,558	1,582	1,568	18,916	
4	G-1	Industrial Firm	Fiscal 2015 Bud	207	207	207	207	207	207	207	207	207	207	207	207	2,484	
5																-	
6	G-2	Commercial Interruptible	Fiscal 2015 Bud	3	3	3	3	3	3	3	3	3	3	3	3	36	
7	G-2	Industrial Interruptible	Fiscal 2015 Bud	6	6	6	6	6	6	6	6	6	6	6	6	72	
8	G-2	Public Authority Interruptible	Fiscal 2015 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
9																-	
10	T-3	Transportation Interruptible	Fiscal 2015 Bud	64	64	60	58	59	61	64	62	62	62	62	63	741	
11	T-4	Transportation Firm	Fiscal 2015 Bud	122	122	122	121	121	122	122	121	121	121	118	120	1,453	
12				171,415	172,800	174,913	176,611	176,776	176,861	176,770	175,140	173,706	171,459	171,199	170,077	2,087,727	
13																	
14	<u>Volumes</u>																
15																	
16	G-2	Commercial Interruptible	Fiscal 2015 Bud	2,311	2,687	3,018	2,380	2,599	2,526	2,355	2,311	2,311	2,311	2,311	2,311	29,429	
17	G-2	Industrial Interruptible	Fiscal 2015 Bud	9,475	17,438	10,875	10,362	43,635	18,372	30,986	12,445	9,201	12,595	14,538	12,317	202,239	
18	G-2	Public Authority Interruptible	Fiscal 2015 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
19																-	
20	T-3	Transportation Interruptible	Fiscal 2015 Bud	577,342	637,289	642,846	635,749	713,744	641,979	677,900	626,497	578,229	578,524	580,179	582,145	7,472,422	
21	T-4	Transportation Firm	Fiscal 2015 Bud	459,420	526,336	621,704	673,566	819,974	700,008	691,951	517,760	404,486	404,486	427,983	461,607	6,709,280	
22				1,048,548	1,183,750	1,278,444	1,322,057	1,579,951	1,362,885	1,403,192	1,159,012	994,226	997,915	1,025,010	1,058,380	14,413,371	

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY**

2015 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2739.8" Transmission Line Replacement - Aiken Rd Purchase to Buck Creed Rd	Replace 8" pipe with 45,725' +/- (8.66 miles) of 12" steel distribution pipe.	-	14,072,489			4,020					
PRP.2609.Dawson Springs FY15	Replace 1 mile of 4" bare pipe feeding Dawson Springs	-	1,292,797			4,020					
PRP.2635.FY15 North Seminary CC	2015 PRP for Company Crew in Princeton, KY. 780' of 2" on North Seminary from Main Street to W. Shephardson. 16 services to replace at \$1,650 each for a total of \$26,400.	16	36,240			4,020					
	Contractor			22,400			180				
	Material			2,880	1,120						
	Overhead			8,165	362			58			
PRP.2635.FY15 Sturgis Road	2015 PRP to replace 6,782' of 4" pipe from Bellville St to Harmon Drive. Project will have 83 services at \$1,650 each for a total of \$136,950. Budget services for March	83	446,864			4,020					
	Contractor			116,200			934				
	Material			14,940	5,810						
	Overhead			42,358	1,877		302				
PRP.2635.Maple Street FY15	2015 PRP Marion, KY replacing 5418' of 2" Pipe on Maple St. 67 Services at \$1,650 ea for a total of \$110,550. Budget services for April	67	343,965			4,020					
	Contractor			93,800			754				
	Material			12,060	4,690						
	Overhead			34,193	1,515		243				
PRP.2636.Coast Guard Ln FY15 CC	Install 1500' of 2" PE. IP to IP. 23 Services for a total of \$37,950. Installation by Company PRP Crew.	23	31,207			4,020					
	Contractor			32,200			259				
	Material			4,140	1,610						
	Overhead			11,738	520		84				
PRP.2636.Colonial Court FY15	Install 2,000' of 2" PE. IP to IP. 43 services at \$1,650 each for a total of \$70,950	43	112,624			4,020					
	Contractor			60,200			484				
	Material			7,740	3,010						
	Overhead			21,945	972		156				

PRP.2636.Dublin Lane FY15	Dublin Lane, Lee Court, Burdette Court, Ohio Street Hanning Lane, Herr Ave, Woodford Ave. Install 1220' of 6" PE. LP to IP. Replace 106 services at \$1,650 each for a total of \$1,759,000	106	387,305			4,020	
	Contractor			148,400			1,193
	Material			19,080	7,420		
	Overhead			54,096	2,397		385
PRP.2636.East 11th FY15	East 11th, Glendale Ave, Parkdale Dr. Install 900' of 4" PE and 910' of 2" PE. IP to IP. 61 services at \$1,650 each for a total of \$1,006,500	61	106,786			4,020	
	Contractor			85,400			686
	Material			10,980	4,270		
	Overhead			31,131	1,379		222
PRP.2636.Ewing Rd/West 2nd FY15	Install 5565' of 2" PE and 432' of 4" PE. LP to IP. 67 services at \$1,650 each for a total of \$110,550.	67	365,541			4,020	
	Contractor			93,800			754
	Material			12,060	4,690		
	Overhead			34,193	1,515		243
PRP.2636.Greenville 4" FY15	Greenville 4" HDPE. R/W Clearing. Replace fence at TB Station. Replace Regulator Station. Install 10,117' of 4" HD PE. 9 Services stub ups for a total of \$14,850	9	1,190,198			4,020	
	Contractor			12,600			101
	Material			1,620	630		
	Overhead			4,593	203		33
PRP.2636.Old Greenville Feed FY15 CC	Old Greenville feed line. Replace 2,100' with 2" PE. 7 Services for a total of \$11,550. Installation by Company PRP crew.	7	6,760			4,020	
	Contractor			9,800			79
	Material			1,260	490		
	Overhead			3,572	158		25
PRP.2636.River Road FY15	River Road, 1st, Fielden Ave, Gilmour Court, Cullen Ave. Install 5922' of 2" PE. Low pressure to IP. Replace 66 services at \$1,650 each for a total of \$108,900	66	370,460			4,020	
	Contractor			92,400			743
	Material			11,830	4,620		
	Overhead			33,682	1,492		240
PRP.2636.Sunset Dr FY15	Sunset Drive, Westview Drive, Wink Court. Install 1,756' of 4" PE and 3809' of 2" PE. IP to IP. 119 Services at \$1,650 each for a total of \$196,350	119	336,417			4,020	
	Contractor			166,600			1,339
	Material			21,420	8,330		
	Overhead			60,730	2,691		432
PRP.2637.FY15.Harrison	4,725 ft of 4 inch steel and 885 ft of 2 inch steel at Harrison from 25th to 28th.	115	401,347			4,020	
	Contractor			161,000			1,294
	Material			20,700	8,050		
	Overhead			58,689	2,600		418

PRP.2637.FY15.Madison	1,500 ft of 6 inch steel and 3,785 ft of 4 inch steel going from 3rd and Madison to 19th and Monroe in Paducah	114	397,076			4,020	
	Contractor			159,600			1,283
	Material			20,520	7,980		
	Overhead			58,179	2,578		414
PRP.2734.2nd b/w Bowder & Caldwell	Install 700' of 2" PE on East 2nd between Bowder and Caldwell. Replace 16 services.	16	58,657			4,020	
	Contractor			22,400			180
	Material			2,880	1,120		
	Overhead			8,165	362		58
PRP.2734.Armstrong Russellville	Install 1,000' of 2" PE at Armstrong Street in Russellville. Replace 8 services.	8	58,137			4,020	
	Contractor			11,200			90
	Material			1,440	560		
	Overhead			4,083	181		29
PRP.2734.Bristow Rd @ Louisville Rd.	Replace 1,700 ft. of 1 1/4" bare steel on Bristow Rd and Louisville with 2" PE. Total services replaced (8).	8	121,842			4,020	
	Contractor			11,200			90
	Material			1,440	560		
	Overhead			4,083	181		29
PRP.2734.Bypass & College State St.	Replace 9500' of 4" LP and 2"LP bare steel with 4" IP and 2" IP PE at . Replace 50 services.	50	447,836			4,020	
	Contractor			70,000			563
	Material			9,000	3,500		
	Overhead			25,517	1,131		182
PRP.2734.Center Line Phase II	Install 6,200' of 8" steel at outlet of Purchase #1 across from Jennings Creek. Replace 3 services.	3	1,905,727			4,020	
	Contractor			4,200			34
	Material			540	210		
	Overhead			1,531	68		11
PRP.2734.Church & Nugent	Install 2,350' of 2" PE on Church and Nugent. Replace 28 services.	28	164,942			4,020	
	Contractor			39,200			315
	Material			5,040	1,960		
	Overhead			14,290	633		102
PRP.2734.Clay St. @ 14th.	Install 3,038' of 2" PE from Clay St. to 12th. Replace 42 services.	42	519,449			4,020	
	Contractor			58,800			473
	Material			7,560	2,940		
	Overhead			21,434	950		153
PRP.2734.Crewdson - Old barren River	Install 6,200' of 6" PE. at outlet of TB #1 to Woodford Ave. Replace 100 services.	100	572,491			4,020	
	Contractor			140,000			1,125
	Material			18,000	7,000		
	Overhead			51,034	2,261		363
PRP.2734.East 11th St Park to Kenton	Install 1,774' of 2" and 4" PE East 11th from Park to Kenton. Replace 40 services.	40	133,982			4,020	
	Contractor			56,000			450
	Material			7,200	2,800		
	Overhead			20,414	904		145
PRP.2734.Glendale & Kirby	Install 2,200' of 2" PE from Glendale & Kirby to McElroy & Neal. Replace 44 services.	44	157,640			4,020	
	Contractor			61,600			495
	Material			7,920	3,080		
	Overhead			22,455	995		160

PRP.2734.Henry @ McElroy	Install 700 ft. of 2" PE on Henry @ McElroy in Bowling Green. Replace 14 services	14	57,085		4,020	
	Contractor			19,600		158
	Material			2,520	980	
	Overhead			7,145	317	51
PRP.2734.High St. from Cabell to 14th St. Alley	Install 1,400' of 6" PE on High Street from Cabell to 14th Street alley and convert to IP. Replace 34 services. Also install 1,200' of 2" PE on 1400 block of Indianolia. Replaces 18 services	18	193,955		4,020	
	Contractor			25,200		203
	Material			3,240	1,260	
	Overhead			9,186	407	65
PRP.2734.Madison Ave.	Install 1,800' of 2" and 200' of 6" PE. Replace 20 services.	20	158,568		4,020	
	Contractor			28,000		225
	Material			3,600	1,400	
	Overhead			10,207	452	73
PRP.2734.Russ 9th St.	Install 3,405' of 4" and 2" PE from W 9th to Nashville Rd and tie in to Russell St. Replace 42 services	42	334,075		4,020	
	Contractor			58,800		473
	Material			7,560	2,940	
	Overhead			21,434	950	153
PRP.2734.Vine St. from Wade to Glen Lilv Rd.	Install 1,100' of 2" IP on Vine Street from Wade to Glen Lilv Rd. Replace 23 services.	23	78,712		4,020	
	Contractor			32,200		259
	Material			4,140	1,610	
	Overhead			11,738	520	84
PRP.2734.West 10th,Payne, & Stubbins	Install 6,500' of 2" PE on existing LP west of Main, 10th, 11th, Payne and Stubbins. Will convert to IP. Replace 75 services.	75	481,342		4,020	
	Contractor			105,000		844
	Material			13,500	5,250	
	Overhead			38,276	1,696	273
PRP.2735.FY15 Woodlawn	Replace 5557' of LP 4" & 6" bare steel with IP 2" PE (86 services - \$141,900)	86	412,922		4,020	
	Contractor			120,400		968
	Material			15,480	6,020	
	Overhead			43,889	1,944	313
PRP.2735.FY15.HC Dale Heights	Replace 2587' of 4" bare steel with 4" PE (48 services - \$79,200)	48	198,490		4,020	
	Contractor			67,200		540
	Material			8,640	3,360	
	Overhead			24,496	1,035	174
PRP.2735.FY15.Mun.Buckner	Replace 2518' of 2" bare steel with 2" PE (33 services - \$54,450)	33	175,416		4,020	
	Contractor			46,200		371
	Material			5,940	2,310	
	Overhead			16,841	746	120
PRP.2735.FY15.Mun.East Back	Replace 2142' of 2" bare steel with 2" PE (30 services - \$49,500)	30	152,155		4,020	
	Contractor			42,000		338
	Material			5,400	2,100	
	Overhead			15,310	678	109
PRP.2735.FY15.Mun.Old Main	Replace 814' of 2" bare steel with 2" PE (17 services - \$28,050)	17	54,710		4,020	
	Contractor			23,800		191
	Material			3,060	1,190	
	Overhead			8,676	384	62

PRP.2735.FY15.Mun.Washington	Replace 3217' of 2" bare steel with 2" PE (26 services - \$42,900)	26	215,605			4,020	
	Contractor			36,400			293
	Material			4,680	1,820		
	Overhead			13,269	588		94
PRP.2735.Glas.E Main	Replace 1885' of 4" bare steel with 4" PE (29 services - \$47,850)	29	142,103			4,020	
	Contractor			40,600			326
	Material			5,220	2,030		
	Overhead			14,800	656		105
PRP.2736.Clay St FY15	PRP Clay Street. Replacing 7,750' of 4" and 8,355 of 2". Total number of Services at 263 at \$1,650 each for a total of \$433,950 (June and Inlv)	263	976,751			4,020	
	Contractor			368,200			2,959
	Material			47,340	18,410		
	Overhead			134,219	5,946		956
PRP.2736.Metcalf FY15 CC	PRP Company Crew to replace 240' section of 4" bare steel pipe. 4 Services at \$1,650 each for a total of \$6,600.	4	4,518			4,020	
	Contractor			5,600			45
	Material			720	280		
	Overhead			2,041	90		15
PRP.2736.Robin Rd FY15 CC	PRP Company crew to replace 825' of 2" bare pipe. Pre and post camera. We will be removing Robin Road LP Station. 16 services at \$1,650 each for a total of \$26,400	16	10,267			4,020	
	Contractor			22,400			180
	Material			2,880	1,120		
	Overhead			8,165	362		58
PRP.2736.Walnut St FY15	PRP Walnut Street. Replacing 4,235' of 4" and 3,305 of 2". Total Services 87 at \$1,650 each for a total of \$143,550 (Aug and Sept)	87	468,195			4,020	
	Contractor			121,800			979
	Material			15,660	6,090		
	Overhead			44,400	1,967		316
PRP.2737.Lexington/Greenville	Replace 5300' of bare steel with 3850 2" & 1450 of 6" - (87 services - \$143,550)	87	410,001			4,020	
	Contractor			121,800			979
	Material			15,660	6,090		
	Overhead			44,400	1,967		316
PRP.2737.MARIMON-OFFICE-HIGH	REPLACE 6700' OF BARE PIPE REPLACEMENT-MARIMON FROM CANE RUN TO OFFICE, EAST OFFICE FROM MARIMON TO ROBARDS, MAPLE, HIGH, MONTROSE AND BALLARD STREETS. * (REPLACING 96 SERVICES - \$158,400)	96	554,046			4,020	
	Contractor			134,400			1,080
	Material			17,280	6,720		
	Overhead			48,993	2,171		349
PRP.2738.Legion Park to Barbara St	Replace 2673' of 2" bare steel with 4" PE (28 service at \$46,200)	28	309,405			4,020	
	Contractor			39,200			315
	Material			5,040	1,960		
	Overhead			14,290	633		102
PRP.2738.Legion Park to Penick	Replace 2404' of 4" & 825 of 2" bare steel, (33 services at \$54,450)	33	258,691			4,020	
	Contractor			46,200			371
	Material			5,940	2,310		
	Overhead			16,841	746		120

PRP.2738.W Hodgenville Ave	Replace 2367' of 2" bare pipe (31 services \$51,150 for service costs)	31	184,976			4,020				
	Contractor			43,400				349		
	Material			5,580	2,170					
	Overhead			15,821	701			113		
Total specific budgeted projects & bare steel functional			29,870,768	4,893,486	216,800	192,960	34,843			
	Non specific bare steel functional			999,538	44,283			7,117		
Total budgeted 2015 projects			29,870,768	5,893,024	261,083	192,960	41,960	\$2,049,296	1,607,552	114,000

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-04
Page 1 of 1

REQUEST:

Refer to Exhibit K-1. Explain why the Cost of Removal for Mains is \$4,020 for each project.

RESPONSE:

The Cost of Removal for Mains remains the same at \$4,020 for each project as the cost to cut and cap the end of pipe remains the same regardless of the length of pipe being taken out of service.

Respondent: Mark Martin

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-05
Page 1 of 2

REQUEST:

Refer to the first project on Exhibit K-1, project PRP.2739.8" Transmission Line Replacement " Aiken Rd Purchase to Buck Creek Rd.

- a. Confirm that this project is the same project for which Atmos requested a staff opinion on July 2, 2014. Atmos's request for staff opinion is attached as an Appendix to this request for information.
- b. State whether the pipeline is bare steel, cathodically unprotected coated steel, or ineffectively coated steel. If the pipeline does not match any of these types, explain why Atmos chose to include it for replacement under its Pipeline Replacement Program ("PRP").
- c. State whether the Direct Testimony of Gary L. Smith and Earnest B. Napier in Case No. 2009-00354² addressed Atmos's intention to include in the PRP all planning, design, replacement construction, investment, and retirement costs related to the replacement of bare steel (whether or not cathodically protected), cathodically unprotected coated steel, and ineffectively coated steel (whether or not cathodically protected) transmission and distribution mains, and further, that Atmos intended to monitor "other segments for leakage and needed replacement activity and react accordingly when main segments become problematic from a long range maintenance perspective."³
- d. State whether Atmos's original description of the PRP, specifically as set out in the Napier Testimony in Case No. 2009-00354,⁴ contemplated the inclusion of planning, design, replacement construction, investment, and retirement costs related to replacement of facilities other than bare steel mains and services so that facilities are appropriately designed and sized.

RESPONSE:

- a) Confirmed, this project is the same project for which Atmos Energy requested a Staff Opinion on July 2, 2014
- b) This pipeline is not bare steel, cathodically unprotected coated steel or ineffectively coated steel. Atmos Energy's pipe replacement program was intended, as noted in the Appendix to this request, to replace existing infrastructure that has served its useful life. Although this pipeline is coated and cathodically protected, it is over fifty (50) years old and is currently operating at maximum capacity. The ability to maintain service to downstream customers under peak flow conditions as well as provide for the increasing energy demands in the North Central region of Kentucky is restricted. For these reasons and

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-05
Page 2 of 2

others outlined in our request for a Staff Opinion, Atmos Energy believes this pipeline should be included in the PRP.

- c) Atmos Energy concurs that the Direct Testimony of Gary L. Smith and Earnest B. Napier, P.E. in Case No. 2009-00354 addressed Atmos Energy's intention to include in the PRP all planning, design, replacement construction, investment, and retirement costs related to the replacement of bare steel (whether or not cathodically protected), cathodically unprotected coated steel, and ineffectively coated steel (whether or not cathodically protected) transmission and distribution mains, and further, that Atmos intended to monitor other segments for leakage and needed replacement activity and react accordingly when main segments become problematic from a long range maintenance perspective. See page 16, lines 22 - 25 of Mr. Napier's testimony.

- d) Atmos Energy concurs that the original description of the PRP, specifically as set out in Mr. Napier's testimony in Case No. 2009-00354, contemplated the inclusion of planning, design, replacement construction, investment, and retirement costs related to replacement of facilities other than bare steel mains and services so that facilities are appropriately designed and sized. See page 14, lines 6 - 10 of Mr. Napier's testimony.

Note to (c) and (d): Although the focus of Mr. Napier's testimony related to bare steel, the testimony of Mr. Gary L. Smith and Mr. Gregory Waller, concerning the overall purpose and financial details of the PRP, was not so limited. See Mr. Smith's Direct Testimony, page 15 and Mr. Waller's Direct Testimony, pages 18-21.

Respondent: Mark Martin

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-06
Page 1 of 1

REQUEST:

Provide an updated estimate of the total projected cost of Atmos's 15-year PRP program, including actual historical cost and current projections of cost for the remaining years of the program.

RESPONSE:

For the first four years of our program (2011-2104), the Company has spent \$61.5 million in our pipe replacement program. For the remaining program years (2015-2025), the Company projects to spend \$273.5 million to complete the program. The increase in total program costs can be attributable, but not limited to the following:

1. The inclusion of an additional 100 miles of bare steel pipe to be replaced. This information was not known when the program was proposed and approved in Case No. 2009-00354.
2. The inclusion of the Shelbyville line.
3. In addition to better estimates, the Company has employed a Cross Bore Prevention program which is new to the industry and not envisioned in Case No. 2009-00354. The Cross Bore Prevention program consists of pre and post video surveys to insure that existing natural gas infrastructure as well as replacement natural gas infrastructure does not damage other utility infrastructure, mainly underground sewer lines.

Respondent: Mark Martin

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-07
Page 1 of 1

REQUEST:

Refer to page 2 of the attached Request for Staff Opinion dated July 2, 2014. State whether Atmos still intends to replace the Shelbyville line over two fiscal years and over two PRP filings.

RESPONSE:

The Company intends to replace the Shelbyville line throughout one fiscal year and one PRP filing. While the initial discussion at the June 19th meeting was focused on a possible two year timeline, the Company is concerned about extending the project over two winter seasons.

Respondent: Mark Martin